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ANNUAL AUDITED REPORT FORM X - 17a-5

FORM X -17a PART III SEC FILE NUMBER

\$ 51684

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Information Required of Brokers and Dealers Pursuant to Section 47 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

Frost Securities, Inc. ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) 2727 North Harwood Suite 1000 (No. and Street) Dallas Texas 75201 (City) (State) (Zip Code) NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT Patrick Muras 210-220-5880 (Area Code – Telephone No.) B. ACCOUNT IDENTIFICATION INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report* Ernst & Young LLP (Name – if individual, state last, first, middle name)	REPORT FOR THE PERIOD BEGINNING	01/01/03	AND ENDING	12/31/03
NAME OF BROKER-DEALER: Frost Securities, Inc. ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) 2727 North Harwood Suite 1000 (No. and Street) Dallas Texas 75201 (City) (State) City Code) NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT Patrick Muras 210-220-5880 (Area Code – Telephone No.) B. ACCOUNT IDENTIFICATION INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report* Emst & Young LLP (Name – If Individual, state last, first, middle name)		MM/DD/YY		MM/DD/YY
NAME OF BROKER-DEALER: Prost Securities, Inc. ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) Prost Securities, Inc. ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) Prost North Harwood (No. and Street) Dallas Texas 75201 (City) (State) (Zip Code) NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT Patrick Muras 210-220-5880 (Area Code – Telephone No.) B. ACCOUNT IDENTIFICATION NDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report* Ernst & Young LLP (Name – if individual, state last, first, middle name)	<u> </u>			
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Ernst & Young LLP (Name – if individual, state last, first, middle name)	В.	ACCOUNT IDENTIFIC	CATION	
Ernst & Young LLP (Name – if individual, state last, first, middle name)				
(Name – if individual, state last, first, middle name)	INDEPENDENT PUBLIC ACCOUNTANT whos	e opinion is contained in this H	leport*	
1900 Frost Bank Tower San Antonio Texas 78205 (Address) (City) (State) CHECK ONE: Independent Auditor Public Accountant Accountant not resident in United States or any of its possessions.	(Na	me – if individual, state last, first, i	middle name)	
(Address) (City) (State) CHECK ONE: Independent Auditor Public Accountant Accountant not resident in United States or any of its possessions.	1900 Frost Bank Tower	San Antonio	Texas	78205
CHECK ONE: Independent Auditor Public Accountant Accountant not resident in United States or any of its possessions.	(Address)	(City)	(State)	(Zip Code
☐ Independent Auditor ☐ Public Accountant ☐ Accountant not resident in United States or any of its possessions. MAR 29 2004	CHECK ONE:		Og	OCESSED
Public Accountant Accountant not resident in United States or any of its possessions. MAR 2020 THOMSON FINANCIAL	•		7,	- 29 2004
Accountant not resident in United States or any of its possessions.			\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	MAR 23 20
PILED 1.	Accountant not resident in Unit	ed States or any of its possess	sions.	THOMSON
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^{*}Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, Patrick Muras, affirm that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Frost Securities, Inc. (the Company), as of December 31, 2003, are true and correct. I further affirm that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a-eustomer, except as follows:

THE PARTY OF THE P	1 J. W
LETITIA DIETES NOTARY PUBLIC SIGN Fexas	Signature
Comm. Exp. 06-30-2007	Chief Financial Officer
	Title
Letitia Vietes	

This report** contains (check all applicable boxes):

Independent auditor's report on internal accounting control.

Notary Public

\times	(a)	Facing page.
\boxtimes	(b)	Statement of Financial Condition.
\boxtimes	(c)	Statement of Income.
\boxtimes	(d)	Statement of Cash Flows.
\boxtimes	(e)	Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
	(f)	Statement of Changes in Liabilities Subordinated to Claims of Creditors.
\boxtimes	(g)	Computation of Net Capital.
\boxtimes	(h)	Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
\boxtimes	(1)	Information Relating to the Possession or control Requirements Under Rule 15c3-3.
	(j)	A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the
		Computation for Determination of the Reserve Requirements Under Exhibit A or Rule 15c3-3.
	(k)	A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of
		consolidation.
\boxtimes	(I)	An Oath or Affirmation.
	(m)	A copy of the SIPC Supplemental Report.
	(n)	A report describing any material inadequacies found to exist or found to have existed since the date of the previous
		audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Schedule of segregation requirements and funds in segregation - customers' regulated commodity futures account

pursuant to Rule 171-5

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Frost Securities, Inc.

Financial Statements and Supplemental Schedules

Year Ended December 31, 2003

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Pursuant to Rule 17a-5	



Frost Securities, Inc.

Statement of Financial Condition

December 31, 2003

Assets		
Cash and cash equivalents	\$	1,919,064
Receivable from National Association of Securities Dealers		9,628
Premises and equipment, net of accumulated depreciation of		
\$334,965		336,863
Investment in limited partnership		199,003
Investment in private placement of common stock		65,000
Deferred taxes		14,146
Prepaids and other assets		78,920
		
Total assets	\$	2,622,624
Liabilities and Stockholder's Equity		
Liabilities:		
Accrued payroll and incentives	\$	257,785
Other accrued expenses	Ψ	208,282
Reserves for employee benefit plans		66,348
Accounts payable to parent company related to federal income		00,540
taxes		165,499
Total liabilities		697,914
Total habilities		097,914
Stockholder's equity:		
Common stock, par value \$0.01 per share;		
100 shares authorized, issued and outstanding		1
Additional paid-in capital		18,185,012
Retained earnings (deficit)		16,260,303)
Total stockholder's equity	 `	1,924,710
Total liabilities and stockholder's equity	\$	2,622,624

See accompanying notes.